

STATE OF IOWA
Projected FY 2006 Incremental Built-in
and Anticipated Expenditures
(Dollars in Millions)

Built-in Changes

K-12 School Foundation Aid (FY 2006 Allowable Growth)	\$ 93.4
Education - College Student Aid Work Study Program	2.8
Homestead Tax Credit	129.4
Agricultural Land Tax Credit	39.1
Elderly and Disabled Credit	21.7
Franchise Tax Appropriation for Community Attraction and Tourism Program	7.0
Livestock Producer Tax Credit	0.2
Military Service Tax Credit	2.5
Human Services - Medical Assistance	185.2
Human Services - Medical Contracts	5.0
Human Services - State Children's Health Insurance Program - hawk-I	2.7
Human Services - Mental Health Growth Factor	4.8
Education - Early Intervention Block Grant	-29.3
Educational Excellence	1.4
Child Development - At-Risk Early Childhood Education	1.3
School-to-Career Program	0.5
State Appeal Board Claims	3.0
Appropriation for 1.0% Expenditure Limitation Requirement	-45.5
Appropriation to Endowment for Healthy Iowans	29.6
Total	\$ 454.8

Anticipated Increases and Decreases

FY 2006 Collective Bargaining Salary Costs	\$ 77.0
Education - Teacher Quality/Student Achievement Act	2.9
Inspections and Appeals - Indigent Defense & Public Defender	3.4
Judicial Branch - Retirement Fund Contribution	2.9
Judicial Branch - New Ongoing Building Expense	0.3
DHS-Woodward and Glenwood State Resource Centers	6.6
DHS - TANF Programs	4.3
DHS - Child and Family Services	2.2
DHS - Sexual Predators Civil Commitment and Treatment	1.0
Total	\$ 100.6
TOTAL PROJECTED EXPENDITURES	\$ 555.4

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Projected FY 2006 Incremental Built-in
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Built-in Changes

K-12 School Foundation Aid (FY 2006 Allowable Growth)	\$	105.6
Education - College Student Aid Work Study Program		2.8
Homestead Tax Credit		129.4
Agricultural Land Tax Credit		39.1
Elderly and Disabled Credit		21.7
Franchise Tax Appropriation for Community Attraction and Tourism Program		7.0
Livestock Producer Tax Credit		0.2
Military Service Tax Credit		2.5
Human Services - Medical Assistance		111.8
Human Services - Medical Contracts		5.0
Human Services - State Children's Health Insurance Program - hawk-l		5.0
Human Services - Mental Health Growth Factor		4.8
Education - Early Intervention Block Grant		-29.3
Educational Excellence		1.4
Child Development - At-Risk Early Childhood Education		1.3
School-to-Career Program		0.5
State Appeal Board Claims		3.0
Appropriation to Endowment for Healthy Iowans		29.6
Total	\$	441.4

Anticipated Increases and Decreases

FY 2006 Collective Bargaining Salary Costs	\$	77.0
Education - Teacher Quality/Student Achievement Act		2.9
Inspections and Appeals - Indigent Defense & Public Defender		3.4
Judicial Branch - Retirement Fund Contribution		2.9
Judicial Branch - New Ongoing Building Expense		0.3
DHS-Woodward and Glenwood State Resource Centers		6.6
DHS - TANF Programs		8.9
DHS - Child and Family Services		2.2
DHS - Sexual Predators Civil Commitment and Treatment		1.0
Total	\$	105.2
TOTAL PROJECTED EXPENDITURES	\$	546.6

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	Complete	Preliminary FY 2006 Estimates	Analyst	Internal Notes for FY 2006 Built-ins
K-12 School Foundation Aid (FY 2005 Allowable Growth)	X	\$ 105.6	Dwayne	Based on the FY 2006 enacted allowable growth (4.0%) plus the addition of \$11.8 million to restore the FY 2005 AEA one-time reduction; the AEA reduction returns to the statutory \$7.5 million.
Education - College Student Aid Work Study Program	X	2.8	Mary	FY 2005 estimates based on returning program to the standing appropriation levels specified in the Code.
Homestead Tax Credit	X	129.4	Dwayne	Funded from the Cash Reserve Fund at \$102.9 million in FY 2005. Estimate based on returning programs to the standing appropriation levels with currently projected demand.
Agricultural Land Tax Credit	X	39.1	Dwayne	Funded from the Cash Reserve Fund at \$34.6 million in FY 2005. FY 2006 estimate is based on returning the funding to the statutory limit of \$39.1 million.
Elderly and Disabled Credit	X	21.7	Dwayne	Funded from the Cash Reserve Fund at \$19.5 million in FY 2005. DRF projection based on estimated increase in claims.
Franchise Reimbursement Tax Appropriation for CAT	X	7.0	Dwayne	FY 2006 Franchise Tax Receipt Appropriation for the CAT Program enacted in SF 2298.
Livestock Producer Tax Credit	X	0.2	Dwayne	The standing appropriation of \$2.0 million was reduced in FY 2005 by \$184,265.
Military Service Tax Credit	X	2.5	Dwayne	Funded from the Cash Reserve Fund at \$2.6 million in FY 2005. Estimate based on returning programs to the standing appropriation levels.
Human Services - Medical Assistance	X	111.8	Jennifer V.	This includes \$57.7 million to adjust the FY 2006 base to reflect FY 2005 increases. FY 2006 growth includes: \$32.2 million for 4.5% caseload and 1.0% medical inflation increases, a decrease of \$6.4 million for savings due to the fiscal agent contract, an increase of \$15.4 million to replace funds from the Hospital and Senior Living Trust Funds, an increase of \$7.0 million for the Nursing Facility reimbursement system, and \$5.8 million related to the new Medicare Part D Program and increased Medicare Premiums.
Human Services - Medical Contracts	X	5.0	Jennifer V.	Increased costs associated with the new fiscal agent contracts. The increased administration costs are offset by a decrease of \$5.9 million in the Medical Assistance Program for utilization management, recoveries, and audit savings. The savings amounts are specified by the contracts. The net impact of the contracts is a savings of \$900,000 in FY 2006.
Human Services - State Children's Health Insurance Program - hawk-i	X	5.0	Jennifer V.	This includes \$2.6 million to replace the hawk-i Trust Fund balance, which will be depleted at the end FY 2005, and \$2.4 million for 8% caseload growth and 10% premium increases.
Human Services - Mental Health Growth Factor	X	4.8	Sue	Enacted in SF 2298, specific number is \$4,768,362
Education - Early Intervention Block Grant		-29.3	Robin	This standing appropriation sunset at the end of FY 2003, but has been funded in FY 2004 and FY 2005.
Educational Excellence		1.4	Robin	The Program was funded at \$55.5 million in FY 2005. Will return to \$56.9 million standing appropriation amount in FY 2006.
Child Development - At-Risk Early Childhood Education		1.3	Robin	The standing appropriation was notwithstanding and funded at \$11.3 million in FY 2005. Without further action by the General Assembly, it will revert to the statutory amount of \$12.6 million in FY 2006.
School-to-Career Program	X	0.5	Russ	This is a standing appropriation of \$500,000 that was notwithstanding in FY 2005 and funded at \$27,786.
State Appeal Board Claims	X	3.0	Ron	Increase based on historical level of claims paid through the Appeal Board. The average annual payment for five years (FY 1999 - FY 2003) is \$7.4 million . For FY 2005, the GA appropriated \$4.4 million from the GF for claims.
Appropriation to Endowment for Iowa's Health Account	X	29.6	Dave	Senate File 533 established a six-year standing limited appropriation of varying amounts to the Endowment for Iowa's Health Account. The appropriations were set in an amount that approximately equal the debt service payments on certain debt that was shifted from the General Funds Account and into the Restricted Capital Fund of the Tobacco Settlement Trust Fund. SF 2298 (FY 2005 Omnibus Appropriations Act) deappropriated the FY 2005 appropriation of \$29.8 million. The standing appropriation for FY 2006 is \$29.6 million.
Total		\$ 441.4		

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	Complete	Preliminary FY 2006 Estimates	Analyst	Internal Notes for FY 2006 Built-ins
FY 2005 Collective Bargaining Salary Package	X	\$ 90.0	Ron	The collective bargaining cycle is underway for FY 2006 and FY 2007. A 1.0% increase in salaries for all State employees is estimated to cost the General Fund \$13.0 million. This estimate includes a 3.0% COLA and takes into account the need for more salary annualization as the FY 2005 COLA was in effect for only six months.
Education - Teacher Quality/Student Achievement Act	X	2.9	Robin	Amount needed to fully fund teacher salary increases associated with the Program.
Inspections and Appeals - Indigent Defense & Public Defender	X	3.4	Beth	Based on historical growth in claims, and FY 2004 actual expenditures. Note that the FY 2005 appropriation is \$3.0 million below the amount actually spent in FY 2004. An FY 2005 supplemental appropriation may be required.
Judicial Branch - Retirement Fund Contribution	X	2.9	Jen	For 2005, the General Assembly notwithstanding the <u>Code</u> and reduced the rate to 9.7%. The current statutory contribution rate is 23.7%.
Judicial Branch - New Ongoing Building Expense	X	0.3	Jen	The estimated cost for building maintenance in FY 2005 is \$650,000. This includes, \$120,000 remaining from General Fund expenses from rent reductions, and \$200,000 from the General Fund, and \$330,000 from RIF carry-forward funds. The General Assembly authorized the Judicial Branch to use \$330,000 from a FY 2003, \$700,000 Restricted Capital Fund appropriation for street construction associated with the Judicial Building construction.
Regents - Tuition Replacement	X	0.0		0 No built-in for FY 2006
DHS-Woodward and Glenwood State Resource Centers	X	6.6	Sue	Pending settlement w/ the Federal Department of Justice regarding staffing patterns which will likely increase the number of staff compared to current levels. For the first year of this process, the State may need to provide up to 100% of the salary costs, whereby in future years, there would be a 90% typical return of that expenditure.
DHS - TANF Programs	X	8.9	Jennifer V.	The FY 2005 TANF appropriation included \$8.9 million from a one-time fund balance. The balance is not available for FY 2006. The increase includes \$8.2 million for Child and Family Services and \$700,000 for other TANF funded programs.
DHS-Child and Family Services	X	2.2	Lisa	The General Assembly permitted the FY 2004 appropriations for the Child Welfare Provider Loan Fund and the technology and training appropriation to carryforward to FY 2005 for CFS programs. Funding will be needed in FY 2006 to make up for the lack of carryforward funds in order to avoid reductions in child welfare programs.
DHS - Sexual Predators Civil Commitment and Treatment	X	1.0	Sue	With costs now incurred by the DHS in lieu of the DOC in addition to continued expansion in the number of clients, this reflects tentative 05 DHS budget request plans.
Total		<u>\$ 118.2</u>		
TOTAL PROJECTED EXPENDITURES		<u><u>\$ 559.6</u></u>		

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Built-in Changes

K-12 School Foundation Aid (FY 2006 Allowable Growth)	\$	105.6
Education - College Student Aid Work Study Program		2.8
Homestead Tax Credit		120.4 ¹
Agricultural Land Tax Credit		39.1 ¹
Elderly and Disabled Credit		19.5 ¹
Franchise Tax Appropriation for Community Attraction and Tourism Program		7.0
Livestock Producer Tax Credit		0.2
Military Service Tax Credit		2.6 ¹
Human Services - Medical Assistance		100.0 ²
Human Services - State Children's Health Insurance Program - hawk-I		5.4
Human Services - Mental Health Growth Factor		4.8
Education - Early Intervention Block Grant		-29.3
Educational Excellence		1.4
Child Development - At-Risk Early Childhood Education		1.3
Nonpublic School Transportation		0.0
School-to-Career Program		0.5
Appropriation to Endowment for Healthy Iowans		29.6
Total	\$	<u>410.9</u>

Anticipated Increases and Decreases

FY 2006 Collective Bargaining Salary Costs	\$	70.0
Education - Teacher Quality/Student Achievement Act		1.2
Inspections and Appeals - Indigent Defense & Public Defender		1.2
Judicial Branch - Retirement Fund Contribution		2.9
Judicial Branch - New Ongoing Building Expense		0.5
Total	\$	<u>75.8</u>
TOTAL PROJECTED EXPENDITURES	\$	<u><u>486.7</u></u>

¹ The property tax credits were funded from the Cash Reserve Fund in FY 2005. Under current law, these tax credits will be funded from the General Fund in FY 2006, unless legislative action is taken to change the source.